

INTO THE GOLDEN ERA: EGTA'S PRESIDENT AND BOARD DELIVER INSIGHTS ON THE FUTURE OF THE TELEVISION AND RADIO ADVERTISING INDUSTRY – PART 1

Digital, social, mobile and connected: television and radio are the two media that offer the highest reach and efficiency by delivering quality content across an ever-wider variety of consumer touchpoints

An article by Franz Prenner, President of egta, with the support of the association's Board of Directors.

Debate around the audiovisual advertising industry in 2013 was punctuated by the language of digital convergence, cross-platform measurement, efficiency, real-time bidding and programmatic buying, conversations that will continue into 2014 and beyond. The global crisis of 2008 permanently transformed our industry. As we move on, it is clearly as important today as it ever has been to re-examine the core strengths of television and radio, take a clear-eyed assessment of the opportunities and challenges and seize the emerging era as our own. The golden age of broadcast media awaits those willing to adapt and react.

The following two-part article looks at what the immediate- and longer-term future holds for our industry, drawing on the insights of leading figures for the most part from Europe but including contributions from South Africa and Canada: the Board members of egta – the association of television and radio sales houses. As President of the association, I invite you to explore the current developments in distribution and monetisation of audiovisual content in Part 1, and the changing business environment around audiovisual advertising sales in Part 2.

Part 1: Developments in the distribution and monetisation of audiovisual content

To continue to grow, we must both embrace the changed and fragmented media landscape that we now inhabit and evangelise television and radio's strengths as powerful marketing communications channels. Whilst the financial crisis had a deep and long-term impact on global advertising investments, marketers' desire for mass-reach media that can deliver extensive coverage, improve brand awareness and attitudes, activate response and drive sales remains a constant through time. As the only media that today offer all of these attributes, television and radio are uniquely placed to achieve these results. By adapting to the new marketing environment and the increasingly sophisticated needs of our clients, the sales houses that market these two media can now – in addition – deliver highly-targeted and segmented audiences alongside a wider range of engagement touchpoints than ever before.

Convergent media usage is set to further increase, and this will be a part of securing classical media's long-term future. For television, a major opportunity lies in the development of diversified business offers across linear TV and its digital extensions, through complementarity and cross-media platforms and by achieving high coverage. Radio's competitive advantage over new, international market entrants will derive from leveraging its regional anchor of strong media brands and adding technical possibilities such as geo-localised audience targeting.

The digital reality

With ever-cheaper high-speed Internet connectivity, coupled with platform diversification and a multiplication of channels, one can observe a degree of movement from linear to non-linear television viewing. New market entrants, strong in digital expertise, not only challenge broadcasters for their audiences, but also introduce potentially disruptive advertising and trading models that exchange performance for volume. The greatest threat lies to high-quality, premium content, which forms the core of broadcast television's output. Should marketers devalue and commoditise media to the level of much less costly user-generated content, they run the risk of damaging television's ability to achieve its historic reach, as viewers ultimately follow great content. The premium experience can only be delivered through appropriate investment.

This phenomenon extends also to radio and the maturing digital audio market. High reach and local proximity to the listener remain the preserve of terrestrial radio, and targeting adds an extra dimension. However, quality, curated content must retain its value as competition with on-demand platforms intensifies.

As the boundaries between traditional and digital, linear and non-linear audiovisual media continue to blur, we must now consider the media market in terms of segmentation by type of contact, rather than by type of media.

Creating touchpoints and delivering ROI

Countering the argument that television and radio are providing diminishing ROI, a number of recent research initiatives have proven exactly the opposite. Whilst they have different strengths and can be tailored to meet specific marketing objectives, econometric modelling across several markets for television and robust proof of effectiveness studies for radio in Germany, the UK, France and elsewhere consistently demonstrate that these are the two media that the smart, ROI-focused marketer will invest in. Just as it may be unwise for marketers to place trust in the effectiveness of new and unproven – if superficially attractive – alternatives in the online and social sphere, broadcasters and their sales houses need to be clever and selective when deciding where and how to innovate. By losing sight of our media's core values we risk introducing change simply to appear trendy, rather than delivering real added-value.

Radio, in particular, stands to benefit from the extension of touchpoints offered by digital audio. Already a highly social medium, radio is now more mobile than ever, close to and present at the point of sale. Digital audio extends radio's offer further into elusive target groups: the young, mobile, consumer-oriented early adopters that other media cannot reach.

A single source for multi-screen measurement is not the panacea it may appear to be

When eyeballs start to move from linear to non-linear content, it is crucial to ensure that they remain within the audiovisual measurement envelope and that their value to all the players in the media ecosystem is not lost. Clearly, tomorrow's trading currency must take full account of viewing on all video platforms, not least so that the new interactions between viewer and content can be properly understood, regardless of the device.

2014 will see a maturing of multi-screen measurement, ensuring that advertisers can target particular groups and demographics more closely whilst remaining within the traditional planning parameters that marketers are familiar with. Whilst the ultimate objective is to find a single currency, with work in several markets currently being undertaken to this end, it is clear that intelligent data convergence and fusion from multiple sources offer the greatest chance of achieving an effective currency. Failure to manage data properly risks over-commoditising media, leading to lower efficiency and accountability.

Aside from currency measurement, it is critical that the industry continues to invest in studies that demonstrate the efficiency, effectiveness and ROI of television and radio advertising. With a recent German study suggesting that a top creative commercial can generate up to 42% more sales¹ than an average one, increasingly sophisticated research, including from neuroscience, is needed to provide accurate and reliable evidence of the power of our media.

Real-time bidding: a viable model for broadcast media?

As advertising investments in digital media continue to increase, the programmatic trading models associated with online advertising have become a possibility for traditional media. Welcomed by some as an opportunity to increase efficiency and inventory yield, others in the industry are concerned about decreasing the value of advertising – particularly when television is included in cross-platform deals – through automated buying.

This links to the wider consequences of a growing emphasis on procurement logic on the part of marketers, which can endanger the provision of high quality content and in turn lead to declining audience and ultimately to diminishing reach and effectiveness for advertisers. Whilst efficiency in all quarters is to be welcomed, unjustified deflationary pressure, which can arise in the context of pitches and in some instances is exacerbated by media audits, is ultimately to the detriment of all parties.

Recommendations for the future from egta Board members

We call in unison for our industry to remain self-confident in our media, to embrace the opportunities of digital, to invest in innovative and tailor-made advertising solutions that offer both mass reach and smart targeting and to add value through new touchpoints. By delivering high levels of service, supported by robust measurement and effectiveness research, and by continuing to maintain a sharp focus on the importance of premium content, television and radio sales houses are well placed to enter the golden age of broadcast media.

About the author: Franz Prenner is Head of the International Research and Strategic Development department of ORF, the Austrian public broadcaster. Before taking this position at the beginning of 2014, Franz was the founding CEO of ORF-Enterprise, the commercial arm of the ORF, for 13 years over two tenures. In addition, Franz was CEO of the Cannes Lions International Festival of Creativity in 2002, and he has held the position of CEO at the private Austrian television channel ATV that he launched in 2003 and then the publisher Mediaprint. Franz has been an egta Board member since 1999 and is President of egta for the second time, with his current two-year term starting in May 2013.

¹ Reinartz, W. (2013). *Verkauft kreative Werbung wirklich besser?* IFH/Universität zu Köln

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About egta: egta is the association representing television and radio sales houses, either independent from the channel or in-house, that market the advertising space of both private and public television and radio stations throughout Europe and beyond. egta fulfils different functions for its members in fields of activities as diversified as regulatory issues, audience measurement, sales methods, interactivity, cross-media, technical standards, new media etc. During its 40 years of existence, egta has become the reference centre for television & radio advertising in Europe. egta currently counts 125 members operating across 37 countries.

For more information visit: www.egta.com

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